

## **BDA-Input and Initiatives – Ukraine war**

Russia's invasion of Ukraine has not only severe political and humanitarian consequences, but also considerable economic consequences. The war in Ukraine has economic and social repercussions beyond Europe and impacts on global supply chains and production, which were already marked by supply shortages of raw materials and intermediate products due to the Covid crisis. With the Ukraine war, the situation worsens once again. Although the exact extent of the consequences is still not foreseeable, these obstructions will also have an impact on labour market development. Coherent and effective cooperation among international organisations is needed to address the impact of the Ukraine war.

The OECD assumes that global economic growth will fall by more than one percentage point this year as a result of the conflict and that inflation, which was already high at the beginning of the year, could increase by around a further 2.5 percentage points. The supply shortage of raw materials triggered by the war exacerbates the supply disruptions caused by the pandemic. This will weigh on consumers and businesses, the price shock in raw materials and energy affects the production of goods and services worldwide.

The BDA has appealed to policymakers to set new priorities in economic and social policy. We now need a new set of priorities to strengthen national economies. Only strong economies will be able to meet these new challenges and priorities. If in some areas - such as external security and energy supply - understandably higher expenditures are necessary in the next few years, expenditure limitations must be achieved elsewhere, especially since tax increases are out of the question in the current phase. In order to ensure that these expenditure restrictions do not come at the expense of investments and thus future opportunities, consumption expenditure must be addressed. This is the only way to ensure that the debt brake can be adhered to again in the coming year as planned.

It is important to counteract the significant additional burdens on companies in Germany that have already occurred and are still to be expected by taking measures to reduce the burden. In addition, everything must be done to achieve possible relief, be it in terms of taxes or bureaucracy.

Targeted income support instead of price adjustments are now the right choice. In this context, the measures planned by the German federal government, such as the increase in the long-distance commuter allowance and heating cost subsidies for people who receive housing benefit or student loans (BaföG), are to be welcomed. Demand support, on the other hand, is not necessary; cost-effectiveness must be kept in mind in connection with a healthy federal budget. Further governments measures have been announced as well as an additional federal budget. A quick implementation has to be the focus now.

The BDA wants to make the Alliance for Transformation a platform for this change. We offer a dialogue to reduce early retirement. We are reaching out for a working world that is as flexible as it is reliable. We rely on a joint and increased engagement of social partners and the state in education, training and further education.

Small and medium-sized enterprises, which are often integrated into regional value chains, must remain both resilient and competitive parts of our national economy. Strengthening their competitive conditions through equity capital, limiting social costs and expanding the scope for flexibility therefore also belong on the political agenda. We are also committed to a start-up and ownership culture.

Many employers and employees the Ukrainian people and are planning for (wage)donations or are already donating. In the context of the updated rules on the taxation of donations, which have been published by the German government on March 17<sup>th</sup>, the support by German employers and employees certainly will increase over the coming days and weeks.

The BDA sees itself as a partner of the Länder and local communities in tackling the refugee challenge - in the next few weeks the focus here will be on humanitarian tasks. In the medium term, employers are ready to do their part for the integration of the refugees with employment and training.

#### **BDA-Initiatives:**

- Joint declaration of the social partners: Helping together - The BDA and the DGB support the numerous initiatives to provide humanitarian aid for Ukrainian refugees and call on their members not to weaken in their commitment.
- The BDA together with the leading organisations of German business community have launched the initiative #WirtschaftHilft (<https://www.wirtschafthilft.info/>) in close cooperation. The #WirtschaftHilft initiative cooperate with the federal government as well as the official agencies and institutions of refugee and Ukraine aid. In this way, the leading associations of the business community will ensure that it can react flexibly to changing requirements and at the same time provide information quickly.
- The website [Erfolgreich integrieren - Flüchtlings-Integration \(erfolgreich-integrieren.de\)](https://erfolgreich-integrieren.de) has been updated and supplemented with information on the Ukraine war. The website was set up jointly by the BDA, Federal Association of German Industry (BDI), German Confederation of Skilled Crafts (ZDH) and the Federal Employment Agency in the course of the last refugee crisis and deals with all topics related to the labour market integration of refugees.
- The BDA has prepared a FAQ on the labour law, immigration law and social security law aspects of the war in Ukraine ([Krieg in der Ukraine -FAQ der BDA vom 21. März 2022.pdf](#))